

PROTECT THE 2/3'S VOTE FOR TAX INCREASES

COMPLETE TEXT

AN ACT Relating to tax increases imposed by state government, counties, cities, and port districts; amending RCW 43.135.--- (section 2 of Initiative Measure No. 1053); adding a new section to chapter 43.135 RCW; adding a new section to chapter 36.33 RCW; adding a new section to chapter 35A.40 RCW; adding a new section to chapter 53.08 RCW; adding a new chapter to Title 35 RCW; creating new sections; repealing RCW 43.135.--- (section 2 of Initiative Measure No. 1053); and providing contingent effective dates.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** This initiative should deter the governor and the legislature from sidestepping, suspending or repealing any of Initiative 1053's policies in the 2011 legislative session. But regardless of legislative action taken during the 2011 legislative session concerning Initiative 1053's policies, the people intend, by the passage of this initiative, to require the state government to receive either two-thirds legislative approval or majority voter approval for tax increases. The people further intend to require counties, cities, and port districts to also receive either two-thirds legislative approval or majority voter approval for tax increases. These important policies ensure that taking more of the people's money will always be an absolute last resort.

**PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL
OR MAJORITY VOTER APPROVAL FOR STATE GOVERNMENT TO RAISE TAXES**

(sections 2 and 3 take effect if the 2011 legislature suspends or repeals the two-thirds legislative vote requirement for tax increases)

NEW SECTION. **Sec. 2.** A new section to chapter 43.135 RCW is added and reads as follows:

(1) Any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least a two-thirds legislative vote in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2) (a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3) (a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be

exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

(6) For the purposes of this chapter, "raises taxes" means any action or combination of actions by the legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

NEW SECTION. **Sec. 3.** RCW 43.135.--- (Tax legislation--Referral to voters--Conditions and restrictions--Ballot title--Declarations of emergency--Taxes on intangible property--Expenditure limit to reflect program cost shifting or fund transfer) and 2010 c ... s ... (Initiative Measure No. 1053, approved November 2, 2010), 2010 c 4 s 2. Prior: 2008 c 1 s 5 (Initiative Measure No. 960, approved November 6, 2007), 2007 c 484 s 6, 2005 c 72 s 5, 2005 c 72 s 2, (2006 c 56 s 8 expired July 1, 2007), prior: 2001 c 3 s 8 (Initiative Measure No. 728, approved November 7, 2000), 2000 2nd sp.s. c 2 s 2 (2002 c 33 s 1 expired June 30, 2003), & 1994 c 2 s 4 (Initiative Measure No. 601, approved November 2, 1993), as now existing or hereafter amended, are each repealed.

**PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL
OR MAJORITY VOTER APPROVAL FOR STATE GOVERNMENT TO RAISE TAXES**

**(section 4 takes effect if the 2011 legislature does not suspend or
repeal the two-thirds legislative vote requirement for tax increases)**

Sec. 4. RCW 43.135.--- and 2010 c ... s ... (Initiative Measure No. 1053) are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least a two-thirds legislative ((approval)) vote in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2) (a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure

limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3) (a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

(6) For the purposes of this chapter, "raises taxes" means any action or combination of actions by the legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

**PROTECTING TAXPAYERS BY REQUIRING TWO-THIRDS LEGISLATIVE APPROVAL OR
MAJORITY VOTER APPROVAL FOR COUNTY GOVERNMENT TO RAISE TAXES**

NEW SECTION. **Sec. 5.** A new section is added to chapter 36.33 RCW to read as follows:

(1) After the effective date of this act, any action or combination of actions by county government that raises taxes may be taken only if approved by at least two-thirds legislative approval.

This section does not apply to any tax increase that requires a vote of the people to be enacted.

(2) For the purposes of this chapter, "raises taxes" means any action or combination of actions by county government that increases county tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

**PROTECTING TAXPAYERS BY REQUIRING TWO-THIRDS LEGISLATIVE APPROVAL OR
MAJORITY VOTER APPROVAL FOR CITY GOVERNMENT TO RAISE TAXES**

NEW SECTION. **Sec. 6.** (1) After the effective date of this section, any action or combination of actions by city government that raises taxes may be taken only if approved by at least two-thirds legislative approval. This section does not apply to any tax increase that requires a vote of the people to be enacted.

(2) For the purposes of this title, "raises taxes" means any action or combination of actions by city government that increases city tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

NEW SECTION. **Sec. 7.** A new section is added to chapter 35A.40 RCW to read as follows:

(1) After the effective date of this section, any action or combination of actions by city government that raises taxes may be taken only if approved by at least two-thirds legislative approval. This section does not apply to any tax increase that requires a vote of the people to be enacted.

(2) For the purposes of this title, "raises taxes" means any action or combination of actions by city government that increases city tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

**PROTECTING TAXPAYERS BY REQUIRING TWO-THIRDS LEGISLATIVE APPROVAL AND
MAJORITY VOTER APPROVAL FOR A PORT DISTRICT TO RAISE TAXES**

NEW SECTION. **Sec. 8.** A new section is added to chapter 53.08 RCW to read as follows:

(1) After the effective date of this section, any action or combination of actions by a port district that raises taxes may be taken only if approved by at least two-thirds legislative approval. This section does not apply to any tax increase that requires a vote of the people to be enacted.

(2) For the purposes of this chapter, "raises taxes" means any action or combination of actions by a port district that increases port district tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 9.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 10.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

MISCELLANEOUS

NEW SECTION. **Sec. 11.** Sections 2 and 3 of this act take effect if, during the 2011 legislative session, the legislature amends or repeals section 2 of Initiative Measure No. 1053 (RCW 43.135.---).

NEW SECTION. **Sec. 12.** Section 4 of this act takes effect if, during the 2011 legislative session, the legislature does not amend or repeal section 2 of Initiative Measure No. 1053 (RCW 43.135.---).

NEW SECTION. **Sec. 13.** Section 6 of this act constitutes a new chapter in Title 35 RCW.

NEW SECTION. **Sec. 14.** This act shall be known and cited as Protect the 2/3's Vote For Tax Increases Act of 2011.

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